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Viewing cable 09KUALALUMPUR268, NAJIB'S NETWORK - A PRELIMINARY LOOK

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Reference ID	Created	Released	Classification	Origin
09KUALALUMPUR268	2009-04-10 07:21	2011-08-30 01:44	CONFIDENTIAL	Embassy Kuala Lumpur

Appears in these articles:

<http://www.malaysia-today.net/mtcolumns/40526-the-people-with-the-big-cables-in-malaysia>

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C O N F I D E N T I A L SECTION 01 OF 05 KUALA LUMPUR 000268

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SUBJECT: NAJIB'S NETWORK - A PRELIMINARY LOOK

REF: A. KL 266 - NAJIB UNVEILS CABINET
B. KL 253 - NAJIB SWORN IN AS PM
C. KL 78 - NAJIB LEADS TAKEOVER OF PERAK
D. 08 KL 193 - NEW MINISTER PORTFOLIOS
E. 08 KL 192 - MALAYSIA'S NEW CABINET

Classified By: Political Counselor Mark D. Clark for reasons 1.4 (b and d).

Summary

¶1. (C) This cable provides a preliminary review of Prime Minister Najib Razak's close aides and political associates, known associated companies, and business contacts, as well as summary information on Najib's four brothers. The review is based on information available prior to Najib's confirmation as Prime Minister on April 3 and his formation of his Cabinet on April 9. Najib's aides could find themselves in positions of influence with the PM's office, while four political associates from his inner circle have taken positions in Najib's cabinet. Post identified 16 companies with strong links to Najib and his family, with many of the companies having substantial business interaction with the government. Among the 19 key business leaders listed, Rohana Mahmood stands out as deeply embedded in the Najib family's commercial interests. Najib's family has personal links to the Sultan of Perak, of note given Najib's involvement in wresting control of the state from opposition hands in February (ref B). Syed Mokhtar Albukharry, a major Malaysian investor in Iran, has significant business operations in Najib's constituency and in the defense sector. The Embassy provides this information, not as a definitive study, but to help guide Department offices as they examine Najib's emerging administration and policy decisions, and identify actors of influence. End Summary.

Political Aides

¶2. (C) According to Embassy's information, including one well-placed source, Najib's three closest advisors are Shahlan Ismail, Alias Anor, and Shafie Mohd Abdullah. Previously, Alias was Najib's political secretary, but has since assumed the role of a key advisor. Shahlan and Shafie are Najib's current political secretaries, with Shahlan filling the position since April 2008.

Political Associates

¶3. (C) Post developed the following list of close political associates by speaking with informed observers, including those on Najib's current political team, and by identifying individuals who have worked closely with Najib, some since he was the UMNO Youth Chief from 1988-1993.

-- Hishamuddin Tun Hussein, named Home Minister in Najib's new cabinet. He was the former UMNO Youth Chief and Minister of Education under PM Abdullah Badawi. Najib and Hishamuddin are cousins (their mothers are sisters). Hishamuddin was elected to one of three UMNO Vice President posts during the March party elections.

-- Ahmad Zahid Hamidi, Najib's choice as Defense Minister. He was a Minister in the PM's Department for religious affairs under PM Abdullah Badawi. He was also a former political secretary to Najib and former UMNO Youth Chief. Ahmad was elected to one of three UMNO Vice President posts during the March UMNO party elections.

-- Nazri Abdul Razak, retained by Najib as Minister in the PM's Department in charge of parliamentary affairs, a position he also held under former PM Abdullah Badawi. Former UMNO Perak Youth Chief and was the UMNO International Bureau Chief when Najib was the Youth Chief. Nazri had lobbied for the position of Foreign Minister in Najib's new cabinet.

-- Shafie Apdal, named by Najib as Rural Development Minister. He was Minister of National Unity, Culture, Arts, and Heritage under former PM Abdullah. He is Najib's point man in Sabah, former UMNO Youth Sabah chief and was Najib's deputy at the Ministry of Defense (1999-2004). Shafie was elected to one of three UMNO Vice President posts during the

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recently concluded party elections in March.

-- Jamaluddin Jarjis, former UMNO Youth Chief for the state of Pahang. He was Najib's chief campaign strategist during the party's elections in March. Jamaluddin is a member of UMNO's Supreme Council. Some observers expected Jamaluddin to be included in Najib's Cabinet, but he was not.

-- Johan Jaafar, former editor in chief of Utusan Malaysia newspaper owned by the ruling party, is Najib's media point man. According to sources, Johan will be appointed as executive director of The New Straits Times Press Berhad (NSTP) (the publisher of the government-dominated mainstream newspapers New Straits Times, Berita Harian and Harian Metro) as well as chair of Media Prima Berhad, which operates all of Malaysia's private television stations and two private radio stations.

-- Mohd Zin Mohamed, Minister of Works under PM Abdullah and former UMNO Youth leader. He is a member of UMNO's Supreme Council.

Political Ally

14. (C) Newly-named Deputy Prime Minister Muhyiddin Yassin emerged as a key Najib ally over the past year. Muhyiddin was the most prominent UMNO leader responsible for forcing former Prime Minister Abdullah Badawi to agree to step down in favor of Najib after the March 2008 elections. Najib personally but quietly supported Muhyiddin as the choice for Deputy UMNO President after Ali Rustam, Melaka Chief Minister and former UMNO Senior Vice President, was barred from contesting for the post for corruption. During the March 24 - 28 UMNO General Assembly, Muhyiddin pledged to be "ultra loyal" to Najib. Muhyiddin won the UMNO deputy president post, which by tradition carries with it the Deputy Prime Minister position. In addition, Najib made Muhyiddin Education Minister, an important patronage position but without access to the central levers of power. Observers debate how close Muhyiddin really is to Najib as some consider him as ambitious and a possible rival to Najib under certain circumstances. Some observers have indicated Muhyiddin has yet to completely satisfy Najib of the new DPM's loyalty. Their relationship bears watching before we can draw firm conclusions.

Associated Companies

15. (C) Post used both open as well as informed sources to build an initial picture of the companies associated with Najib and/or his family members. The companies listed below all have Najib or one of his immediate family members on their executive boards. Most of the companies listed also hold government contracts or are believed to have substantial business interaction with the government.

-- Commercial International Merchant Bankers (CIMB) Group: Malaysia's second largest financial services provider and the fifth largest in Southeast Asia. It is owned by Bumiputra-Commerce Holding Berhad (BCHB), which is listed on Malaysia's stock exchange, the Bursa Malaysia, with a market capitalization of 26.6 Billion ringgit (about USD7.4 billion).

-- Symphony House Berhad: A publicly listed company mainly involved in business process outsourcing.

-- **Johan Holdings:** A publicly listed company involved in manufacturing ceramic tiles, distribution and sale of health foods and supplements, property development, and resorts and hotels.

-- **Sapura Group:** Has businesses interests in the secured communications and oil & gas industries with investments in Australia, Singapore, Brunei, Thailand, Sri Lanka, Philippines, Pakistan and China.

-- **Hong Leong Group:** A Malaysian-based conglomerate with investments in financial services, manufacturing, and property and infrastructure development. The group's shares are listed on the stock exchanges of Malaysia, Singapore, Hong Kong, the Philippines, and Europe.

-- **Paramount Corporation Berhad:** A publicly listed company

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with diverse interests in property development and investment, construction, and educational services.

-- **TH Group Berhad:** A publicly listed company involved in plantations, contracting, biohealth care and information technology.

-- **Dijaya Berhad:** A publicly listed company involved in property development, investment, and management as well as investment holding and manufacturing.

-- **MMC Group:** A utilities and infrastructure group with interests in transportation and logistics, energy and utilities, engineering, and construction. Its international business dealings focus on the Middle East, with investments in utilities and logistics in that region.

-- **DRB Hicom:** The largest totally integrated automotive company in Malaysia, with operations in the manufacturing, assembly, and distribution of passenger and commercial vehicles. It also is involved in property and infrastructure development, and provides the Malaysian military land-based vehicles.

-- **Hiap Teck Venture Berhad:** A publicly listed company, it is the leading manufacturer of steel products in the country.

-- **Mamee Double Decker Berhad:** A publicly listed company involved in the manufacturing and marketing of a wide range of soft drinks, food and dairy products; other activities include property development.

-- **Delloyd Ventures Berhad:** An investment holding company with subsidiaries engaged in the manufacture and sale of automobile parts and accessories, palm oil plantations, repair and maintenance of motor vehicles, manufacture and export of agrichemicals, and magazine publishing.

-- **Yeo Hiap Seng Berhad:** Principally involved in the production, marketing, and sale of food, beverages, and sweetened condensed milk.

-- **Nylex Berhad:** Manufactures and markets vinyl-coated fabrics, calendered film and sheeting, and other plastic products, including geotextiles and prefabricated sub-soil drainage systems.

-- **Daiman Development Berhad:** Principally involved in property development and trading.

-- **Ethos Capital:** A boutique investment company chaired by Rohana Mahmood.

Business Leaders

¶6. (C) Post compared the executive boards, used open sources, and spoke with informed contacts to identify key individuals within businesses that are linked to Najib and his family.

-- Rohana Mahmood, Chairman and partner of Ethos Capital, a RM200 million (about USD56 million) private equity firm. Rohana also sits on the boards of Paramount Corp Bhd, TH Group Bhd and Dijaya Corp Bhd. She and another close aide of Najib, Abdul Razak Baginda, co-founded an independent think-tank, the Malaysian Strategic Research Centre (currently dormant). (Note: Razak was acquitted in October 2008 of abetting the murder of Mongolian national Altantuya. End note.) Rohana appears connected in some manner to most of the companies associated with Najib.

-- Azman Mokhtar, the managing director of Khanazah Nasional Bhd. He has been playing a prominent role in the reforms of government-linked companies (GLCs).

-- Mohamed Azman Yahya, director of Khazanah, and founder and group chief executive officer of Symphony House Bhd, an outsourcing firm. He is also the ex-CEO of Pengurusan Danaharta Bhd and sits on several advisory panels for the development of the capital market, venture capital, and public service delivery system.

-- Tan Kay Hock, chair and chief executive of Johan Holdings Berhad. Najib and Tan Kay Hock have known each other for a

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long time and are golfing buddies. Tan is also a member of the Iskandar Regional Development Authority (IRDA).

-- Shahril Shamsuddin of Sapura Group, which has interests in communications, information technology, and oil and gas.

-- Syed Mokhtar Albukharry, whose privately owned company, SKS Ventures Sbd Bhd, has announced involvement in major oil and gas deals with Iran's National Iranian Oil Company, including to develop Iran's southern Golshan and Ferdos gas fields. He also controls DRB-HICOM, and is one of the largest employers in Pekan, Pahang, Najib's parliamentary constituency, and political base. Syed operates a huge vehicle assembly plant there. He also owns Defense Technologies Sdn Bhd or Deftech a DRB subsidiary and Malaysia's leading supplier of land-based defense vehicles. Syed Mokhtar also is believed to have a good (and some say stronger) relationship with Deputy Prime Minister Muhyiddin.

-- Danny Tan Chee Sing, Group Chief Executive Officer of Dijaya Berhad and Vincent Tan's brother.

-- Nor Yusof, an ex-banker, who was the former managing director of Malaysia Airlines and past chair of the Securities Commission. He is currently director and chair of Khazanah's executive committee. He has a wealth of experience in banking and a keen insight on capital markets.

-- Mohd Nadzmi Mohd Salleh, chair and MD of express bus operator Konsortium Transnational Bhd. The former Proton boss was called upon by the Government in 1996 to revive the ailing public transport company. He was former PM Mahathir's prodigy and has expertise in transportation.

-- Dr. Gan Wee Beng, the executive director of CIMB Group (the CEO is Najib's brother Nazir Abdul Razak). Gan was a consultant to Bank Negara (the central bank), the Economic Planning Unit, Finance Ministry, and the World Bank.

-- Omar Mustapha Ong, a former special assistant to Najib, is the co-founder of Ethos Capital with Rohana Mahmood. His father, Mustapha Ong, was the diplomat in Washington who allegedly tried to bribe a limousine driver in Washington to fabricate evidence against deposed Deputy Prime Minister (and current opposition leader) Anwar Ibrahim in 1998.

-- Quek Leng Chan, Chairman and Chief Executive of Hong Leong group of Companies.

-- Teo Chiang Quan, Group Managing Director and Group Chief Executive Officer, Paramount Corporation Berhad.

-- Lei Lin Thai, Group Managing Director, TH Group Berhad.

-- Pang Tee Chew, Chief Executive Officer, Mamee Double Decker Berhad.

-- Kenneth Eswaran, CEO Multi Vest Resources Bhd (MVest), whose primary business interest is the palm oil sector. Informed sources say he is close to Rosmah Mansor, Najib's wife.

-- Vincent Tan, Berjaya Group, a former Mahathir crony who is now close to Najib. Tan managed to obtain a lucrative license to conduct additional lottery draws after Najib became Finance Minister in October 2008. He is also rumored to be close to Rosmah Mansor.

-- Bakke Salleh, CEO of Federal Land Development Authority (FELDA) Holdings Berhad. Najib is the Chairman of the Cabinet Committee on FELDA, the land authority established by his father.

-- Lodin Wok Kamarudin, Chief of Armed Forces Fund Board.

Najib and his Brothers

¶7. (C) Najib, who is the eldest son of former Prime Minister Abdul Razak, is said to consult closely with his four brothers, who all have extensive commercial ties.

-- Johari Razak, the second eldest brother and a close friend of Perak Crown Prince Raja Nazrin Shah. He is a lawyer and senior partner at Shearn Delamore & Co, a large law firm in

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Kuala Lumpur. His areas of practice include corporate and commercial joint ventures, mergers and acquisitions; corporate restructuring; and the listing of public companies. He is also the Chairman of Courts Mammoth Pte Ltd and Daiman Development Berhad, a director of Hong Leong Industries Berhad, Nylex Berhad, Daiman Golf Berhad, and Deutsche Bank (Malaysia) and a non-executive director in several publicly listed companies.

-- Mohamed Nizam Razak studied politics, philosophy, and economics at Oxford University. He was a stockbroker and CEO of PB Securities Sdn Bhd in the 1990s. He is currently a non-executive director in several publicly listed companies including Hiap Teck Venture Bhd, Mamee Double-Decker (M) Bhd, Delloyd Ventures Bhd, and Yeo Hiap Seng (M) Bhd. Like Johari, Nizam is also a director of Deutsche Bank.

-- Mohamed Nazim Razak, the fourth brother, studied architecture in the UK. He is Chairman of Meru Utama an outdoor advertising company that received a seven-year advertising concession in 2007 to advertise the Kuala Lumpur International Airport and Low-cost Carrier Terminal (LCCT). He is also Chairman of the Governing Council of Masterskill, a private University/College (the Pro Chancellor is Raja Azreen Raja Azlan Shah, the daughter of the Sultan of Perak) and Director of OYL Industries (a subsidiary of Hong Leong Group of Companies).

-- Nazir Razak, the youngest brother, is the most well known. He obtained a Master of Philosophy at Cambridge University. He is a career banker, joining CIMB Investment Bank almost 20 years ago and rising through its executive ranks to become its CEO in 1999. Following the merger of CIMB and Bumiputra-Commerce Bank, to become Bumiputra-Commerce

Holdings Bhd (BCHB), Nazir became CEO of the merged group. Under his watch, the BCHB group, which is branded as CIMB group, was transformed into a GLC bank that could compete with its peers in the private sector regionally. Informed observers widely believe Nazir advises Najib on finance and economic policy issues.

KEITH